



February 2022

Fact Sheet on Supply Chain Provisions in the America COMPETES Act COMMITTEE ON ENERGY & COMMERCE

The America COMPETES Act will improve our nation's supply chains to strengthen our economy and national security by preventing shortages of critical goods and ensuring that more of these goods are made right here in the United States.

- For the past 40 years, America's world-class manufacturing sector has [lost market share](#) to global economic competitors, threatening the nation's national security and economic vitality.
- Our nation's share of global [manufacturing activity](#) declined from 28 percent in 2002 to just over 18 percent in 2016, while the manufacturing output of China, South Korea, Germany, and Mexico is growing faster than the manufacturing output of the United States.
- The decline in our domestic manufacturing capacity and the COVID-19 public health crisis spurred severe supply chain [disruptions](#) that have imperiled our nation's ability to withstand and respond to [economic shocks](#) and [national emergencies](#).
- **The America COMPETES Act will improve our nation's supply chains by:**
 - **Establishing a new Office within the Department of Commerce (DOC) to lead a governmentwide effort to strengthen supply chains critical to the nation's economic vitality and national security.** The legislation charges the new Office of Manufacturing Security and Resilience (Office) with monitoring supply chains to identify vulnerabilities or gaps that may disrupt the availability of critical goods; supporting the availability of critical goods to prevent shortages that could imperil our national security and economy; preparing for and responding to supply chain shocks; reducing reliance on critical goods from countries of concern and encouraging the relocation of manufacturing facilities out of these countries; supporting the creation of jobs with competitive wages, including by preserving existing collective bargaining agreements and supporting union organizing efforts; and promoting the health of the economy and competitiveness of American manufacturing by creating the market conditions necessary to improve supply chain resilience and allow American manufacturers to compete on a level-playing field.
 - **Authorizing \$45 billion for grants, loans, and loan guaranties to support supply chain resilience and manufacturing of critical goods, industrial equipment, and manufacturing technology.** The grants, loans, and loan guaranties can be made to domestic manufacturers and enterprises, state and local governments, Tribal governments, manufacturing extension partnership centers, Manufacturing USA institutes, institutions of higher education, and nonprofit organizations. The \$45 billion authorization is for the period of Fiscal Year (FY) 2022-2027. The grants can be used to:
 - **support the manufacturing or acquisition of critical goods or industrial equipment that are essential for the national security and economic vitality.** Critical goods, as designated by the Office, may include key components and products for public health and biological preparedness, information and communications technology, the energy

and transportation sector's industrial base, and agricultural commodities and food product supply chains;

- **develop or acquire manufacturing technology that improves the ability of manufacturers to produce a critical good.** Such technologies may include information technology needed to optimize manufacturing efficiency, flexibility, speed, quality, and sustainability;
 - **construct or enhance critical infrastructure or a manufacturing facility,** which may include factories, telecommunications infrastructure, and water systems necessary to support the production of a critical good;
 - **relocate a manufacturing facility out of countries of concern,** including countries that pose a significant economic or national security threat to the United States;
 - **manufacture or acquire a substitute for a critical good, industrial equipment, or manufacturing technology** to provide a viable alternative to a scarce or vulnerable critical good;
 - **establish or preserve surge capacity or stockpiles** to provide the redundancies and reserves necessary to maintain the availability of critical goods during supply chain shocks; and
 - **establish diverse and secure sources and locations for the production of critical goods** to ensure that regional conflicts or disasters – such as tsunamis, hurricanes, or cold waves – do not incapacitate the nation's ability to produce and acquire critical goods.
- **Creating a program within the new Office at DOC to map and monitor supply chains, identify supply chain gaps and vulnerabilities, and identify opportunities to address supply chain risk.** The legislation authorizes \$500 million for the period of FY 2022-2027 to the Office for supply chain mapping and monitoring in order to: designate critical industries, supply chains, and critical goods that have a significant effect on the national security or economic security of the United States; produce quadrennial reviews on the state of supply chain resilience and domestic manufacturing; and establish a coordination group to identify and assess the resilience of supply chains and inform supply chain management.
- **Equipping the private sector with best practices and guidelines needed to proactively identify and mitigate supply chain vulnerabilities.** It authorizes \$500 million for the Office at DOC for the period of FY 2022-2027 to coordinate with stakeholders and incorporate industry expertise to identify approaches that may be voluntarily adopted by domestic manufacturers and entities purchasing or using a critical good to manage supply chain risks and value supply chain resilience.